



BUSINESS POPULATION ESTIMATES FOR THE UK AND REGIONS 2018

Publication date:

11 October 2018

Next Updated:

Autumn 2019

Coverage: UK

For further detail:

<https://www.gov.uk/government/collections/business-population-estimates>

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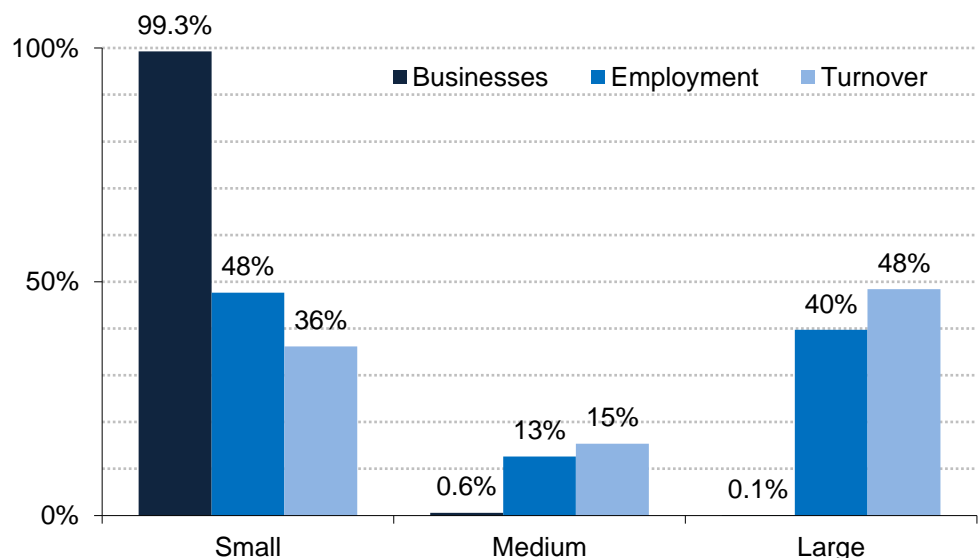
Summary

- There were 5.7 million private sector businesses at the start of 2018.
- Compared with the previous year, the private sector business population fell by 0.5% (-27,000 businesses) whilst conversely private sector employment increased by 2% (+304,000).
- This contrast is attributable to the number of smaller non-employing businesses falling by 1% (-50,000) but the number of larger employing businesses rising by 2% (+23,000).
- The decrease in the business population is the first fall in the series, which started in 2000. However, there were still 2.2 million (+63%) more businesses than in 2000.

SMEs and the Economy

- Small businesses accounted for 99.3% of all private sector businesses at the start of 2018 and 99.9% were small or medium-sized (SMEs).
- Total employment in SMEs was 16.3 million; 60% of all private sector employment in the UK.
- The combined annual turnover of SMEs was £2.0 trillion, 52% of all private sector turnover.

Figure 1: Contribution of different sized businesses to total population, employment and turnover, at start of 2018



Composition of the business population

- In 2018 there were 1.4 million employing businesses and 4.3 million non-employing businesses. Therefore, 75% of businesses did not employ anyone aside from the owner(s).
- The overall business population includes three main legal forms: there were 3.4 million sole proprietorships (59% of the total), 1.9 million companies (34%), and 405,000 ordinary partnerships (7%).
- Of the 5.7 million businesses, 45% (2.6 million) were registered for VAT or PAYE.

Trends in the business population

- Between 2000 and 2017, there was sustained growth in the business population each year but most recently there has been a fall of 27,000 businesses (-0.5%) between 2017 and 2018. Nonetheless, there were still 2.2m (+63%) more businesses than in 2000.
- The majority of population growth since 2000 has been due to non-employing businesses, which accounted for 87% of the overall increase.
- Between 2017 and 2018, whilst the number of employing businesses increased by 23,000, non-employing businesses fell by 50,000, resulting in an overall decrease of 27,000 businesses.
- The number of companies has increased in the last year by 31,000 (+2%) whilst the number of sole proprietorships and ordinary partnerships fell by 49,000 (-1%) and 9,000 (-2%) respectively.

Locations and industries

- The number of businesses per person (business density) is higher in southern England than elsewhere in the UK.
- SMEs account for at least 99.5% of the businesses in every main industry sector.
- Nearly a fifth of all SMEs operate in Construction, compared with less than 1% in the Mining, Quarrying and Utilities sector.

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Introduction

- The *Business Population Estimates (BPE) for the UK and Regions 2018* provides information on the number of private sector businesses in the UK at the start of 2018, broken down by number of employees, legal status, industry and geography. The publication:
 - measures the net change in the number of private sector businesses, but cannot be used to estimate numbers of business start-ups or closures
 - reports on businesses in the private sector – figures in this release exclude the government and not-for-profit sectors; an overview of the number of businesses in the whole economy is provided in Table 2 of the [detailed tables](#)
 - comprises this **statistical release**, a set of **detailed tables** and a ‘**methodology and quality**’ note, which are all available on gov.uk

Composition of the 2018 business population

- The UK private sector is dominated by non-employing businesses and small employers, and SMEs account for 99.9% of the business population (5.7 million businesses). At the start of 2018:
 - there were an estimated 5.7 million UK private sector businesses
 - 1.4 million of these had employees and 4.3 million had no employees
 - therefore, 75% of businesses did not employ anyone aside from the owner(s)
 - there were 5.6 million small businesses (with 0 to 49 employees), which is 99.3% of the total business population
 - there were 35,000 medium-sized businesses (with 50 to 249 employees), representing 0.6% of the total business population
 - a further 7,500 businesses were large businesses (with 250 or more employees), which is 0.1% of the business population

Table A: Estimated number of businesses in the UK private sector and their associated employment and turnover, by size of business, start of 2018

	Businesses	Employment <i>thousands</i>	Turnover ¹ <i>£ millions</i>
All businesses	5,667,510	27,027	3,861,613
SMEs (0-249 employees)	5,660,000	16,284	1,993,507
Small businesses (0-49 employees)	5,625,165	12,885	1,398,503
With no employees ²	4,278,225	4,643	274,917
All employers	1,389,285	22,384	3,586,696
of which:			
1-9 employees	1,137,290	4,159	533,323
10-49 employees	209,650	4,083	590,263
50-249 employees	34,835	3,399	595,004
250 or more employees	7,510	10,743	1,868,106

1. Total turnover figures exclude Section K (financial and insurance activities) where turnover is not available on a comparable basis.

2: "With no employees" includes sole proprietorships and partnerships with only the self-employed owner-manager(s), and companies with a single employee, who are assumed to be directors.

3. The 7,500 large businesses in the UK make a major contribution to employment and turnoverⁱ. Nonetheless, SMEs account for three fifths of the employment and around half of turnover in the UK private sector. At the start of 2018:
- total employment in SMEs was 16.3 million (60% of the total), whilst turnover was estimated at £2.0 trillion (52%)
 - employment in small businesses was 12.9 million (48%) and turnover £1.4 trillion (36%)
 - employment in medium businesses was 3.4 million (13%) and turnover £0.6 trillion (15%)
 - employment in large businesses was 10.7 million (40%) and turnover £1.9 trillion (48%)
 - further information on composition is in Table A, and Table 1 in the detailed tables

Legal form

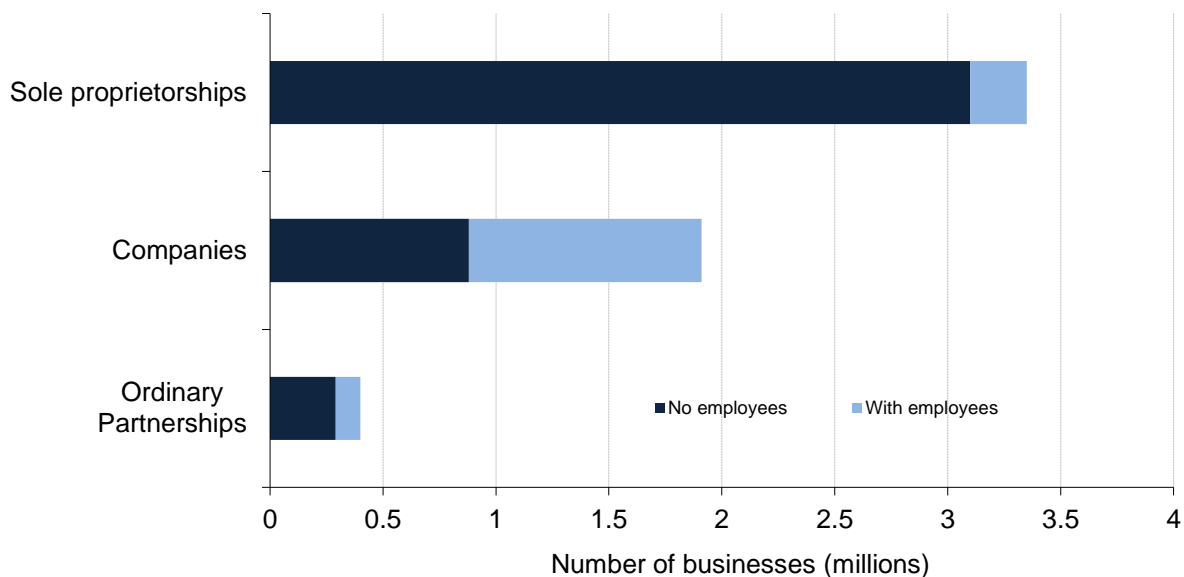
4. There are three main legal forms of businesses in the private sector; sole proprietorships, ordinary partnerships, and companies. Although sole proprietorships are the most common legal form, companies now account for a third of private sector businesses. At the start of 2018:
- the UK private sector business population comprised 3.4 million sole proprietorships (59% of the total), 1.9 million actively trading companiesⁱⁱ (34%) and 405,000 ordinary partnerships (7%)
 - 1.0m companies were employersⁱⁱⁱ, as were 248,000 sole proprietorships and 114,000 ordinary partnerships
 - 3.1 million sole proprietorships, 883,000 companies and 291,000 ordinary partnerships did not employ anyone aside from the owner(s)
 - further information on legal form is in Figure 2, and Table 3 of the detailed tables

ⁱ See 'Notes on this Release' and the accompanying Methodology and Quality Note for details of time lags associated with employment and turnover data.

ⁱⁱ Companies can take a range of legal forms, including Public Limited Companies, Private Limited Companies, Limited Liability Partnerships, and others. ONS's Inter-Departmental Business Register only counts actively trading companies, rather than all those recorded on the Companies House register.

ⁱⁱⁱ In this publication companies with a single employee director are treated as having no employees. See Definitions and Coverage section of the Methodology and Quality Note for more information.

Figure 2: Number of businesses in the UK private sector with and without employees, by legal status, start of 2018



Registration for VAT and PAYE

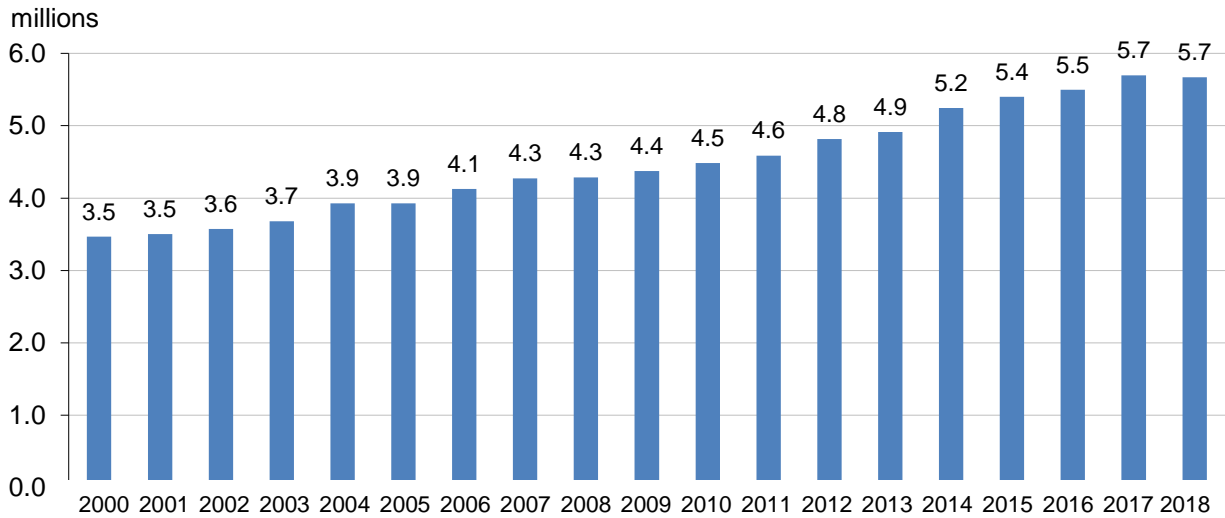
- Three quarters of UK private sector businesses are non-employers, and the majority of these are not registered for either VAT or PAYE. At the start of 2018:
 - the Office for National Statistics recorded 2.6 million private sector businesses as registered for VAT or PAYE^{iv}, 45% of the estimated total population
 - 3.1 million businesses (55%) traded without being registered for VAT or PAYE and are classified here as ‘un-registered’
 - 13% of sole proprietorships and 52% of partnerships were registered for VAT or PAYE

Trends in the business population

- Apart from between 2017 and 2018, there has been sustained growth in the total business population each year since 2000, with an overall increase of almost two-thirds. Between 2000 and 2018:
 - the business population increased by 2.2 million (+63%)
 - the average rate of annual growth in the business population was +3%
 - the highest rate of increase was +7% between 2003 and 2004, and between 2013 and 2014
 - in contrast there was a decrease in the business population (for the first time in the series) between 2017 and 2018 (-0.5%) and very little growth took place between 2004 and 2005 (+0.03%)
 - further information on trends is in Figure 3 and Table B in this release

^{iv} This total will differ slightly from ONS published statistics on VAT/PAYE registered businesses (e.g. *UK Business and Business Demography*) – refer to the [User Guide](#) for more information.

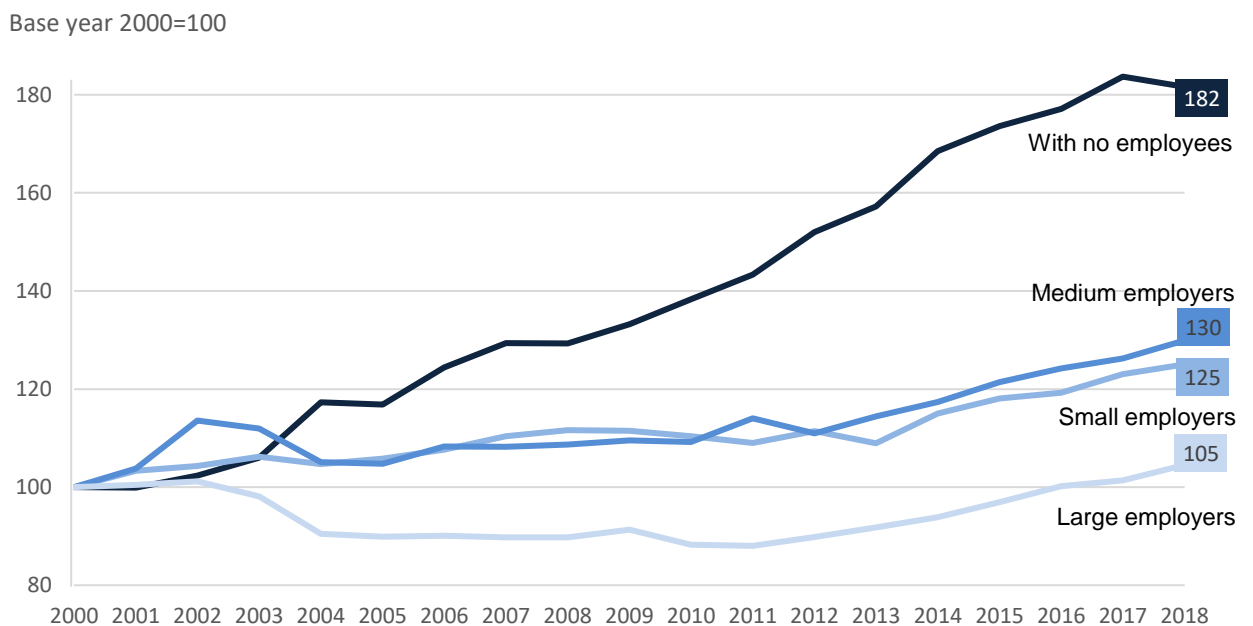
Figure 3: UK private sector business population, 2000 to 2018



7. In the last year the UK private sector business population decreased by 27,000, or 0.5%. The number of non-employing businesses fell by 1% but the number of employing businesses grew by 2%. Between 2017 and 2018:

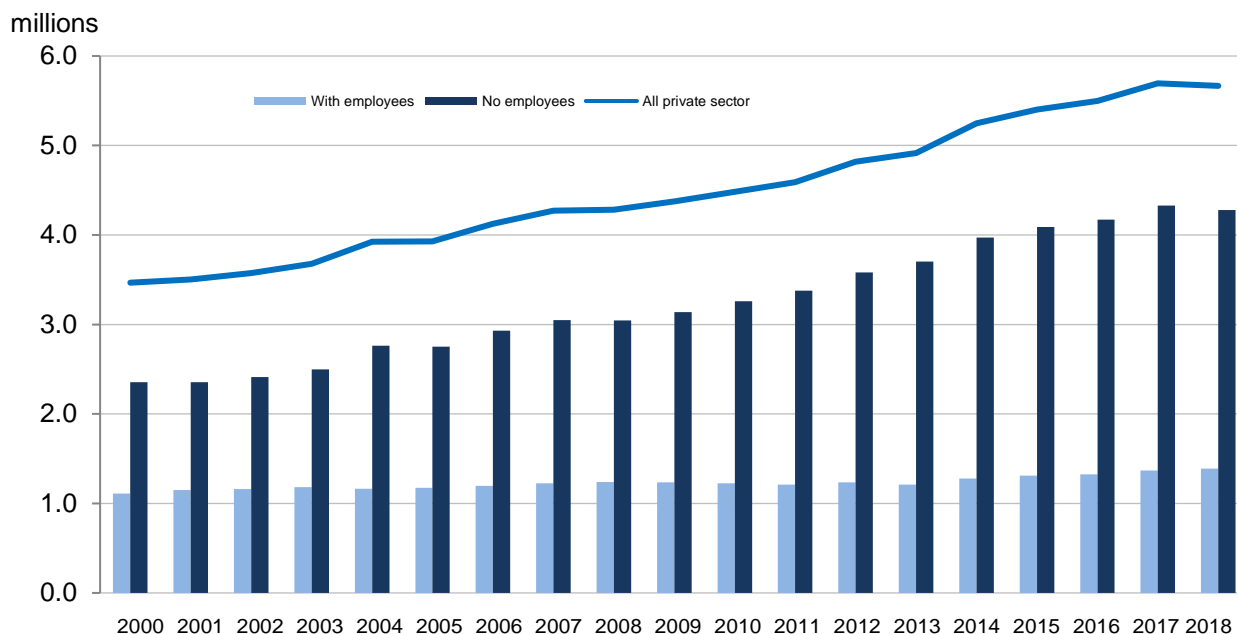
- there were 50,000 fewer (-1%) non-employing businesses but 23,000 more (+2%) employing businesses
- the net change in the business population is determined by the balance of new business start-ups (inflows) against those businesses that closed, merged or were taken over by another business (outflows)
- further information on detailed trends is in Figure 5 and Table B

Figure 4: Growth in the number of UK private sector businesses by size band, 2000 to 2018 (index: base year=2000)



8. Growth in the UK private sector business population since 2000 has been mainly due to increasing numbers of non-employing businesses. Since 2000:
- overall, the number of non-employing businesses has increased by 1.9 million (+82%)
 - overall, the number of employing businesses has increased by 278,000 (+25%)
 - non-employing businesses accounted for 87% of total growth over the period

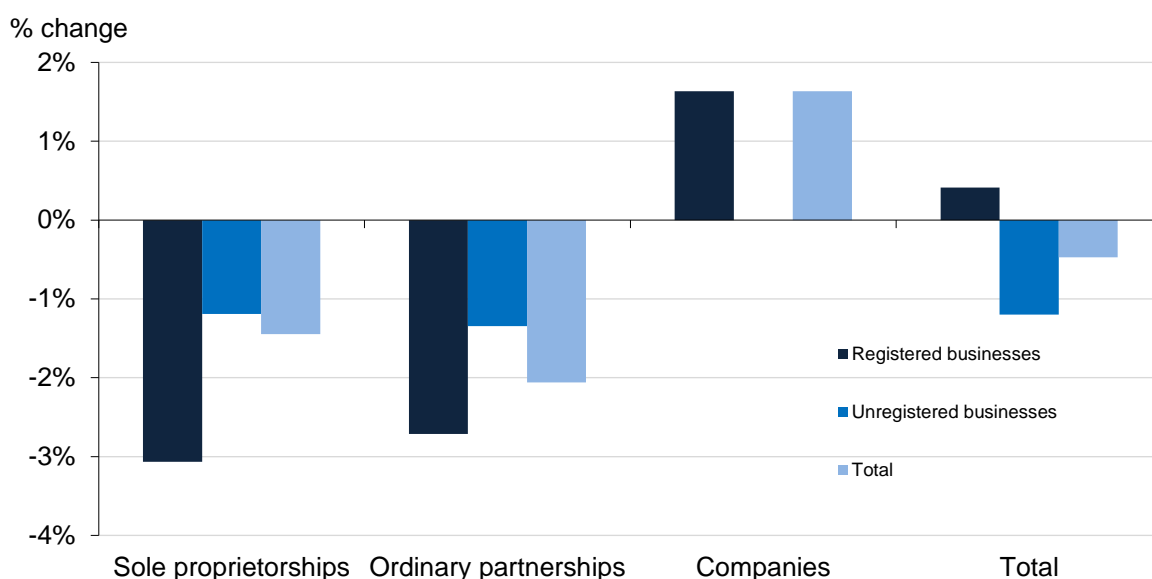
Figure 5: Non-employing and employing businesses in the UK private sector, 2000 to 2018



9. Overall the number of SMEs has increased by 2.2 million (+64%) since 2000, including 278,000 SME employers (+25%). Over this period:
- the number of small employing businesses grew by +25%
 - the number of medium-sized employers grew by +30%
 - the number of large businesses grew by +4%
 - further information on detailed trends is in Figure 4 and Table B

10. There was a fall in the number of sole proprietorships and ordinary partnerships over the year whilst the number of actively trading companies increased. Looking at the period between 2010 and 2018:
- overall, the number of sole proprietorships grew by 594,000 (+22%) and the number of companies increased by 641,000 (+50%)
 - in contrast, the number of ordinary partnerships fell by 51,000 (-11%)
 - the number of VAT/PAYE registered businesses grew by 453,000 (+21%) and the number that were unregistered increased by 732,000 (+31%)
 - further information on trends is in Figure 6, and Table 27 in the detailed tables

Figure 6: Percentage change in the number of VAT/PAYE registered and un-registered businesses by legal form, 2017 to 2018



11. In terms of employment trends:

- total employment across all private sector businesses increased from 26.7 million at the start of 2017 to 27.0 million at the start of 2018. This represented a rise of 2% or 304,000 people.
- the SME share of total employment was 60% in 2018 and the proportion has remained the same since 2014.
- total employment in SMEs increased from 16.1 million at the start of 2017 to 16.3 million at the start of 2018. This represented a rise of 1% or 138,000 people.
- further information on employment trends is in Table 28 of the detailed tables

UK countries and regions

12. Private sector businesses are not evenly distributed across the UK. Based on head office location, London and the South East of England have considerably more businesses than any other UK country or region of England. At the start of 2018:

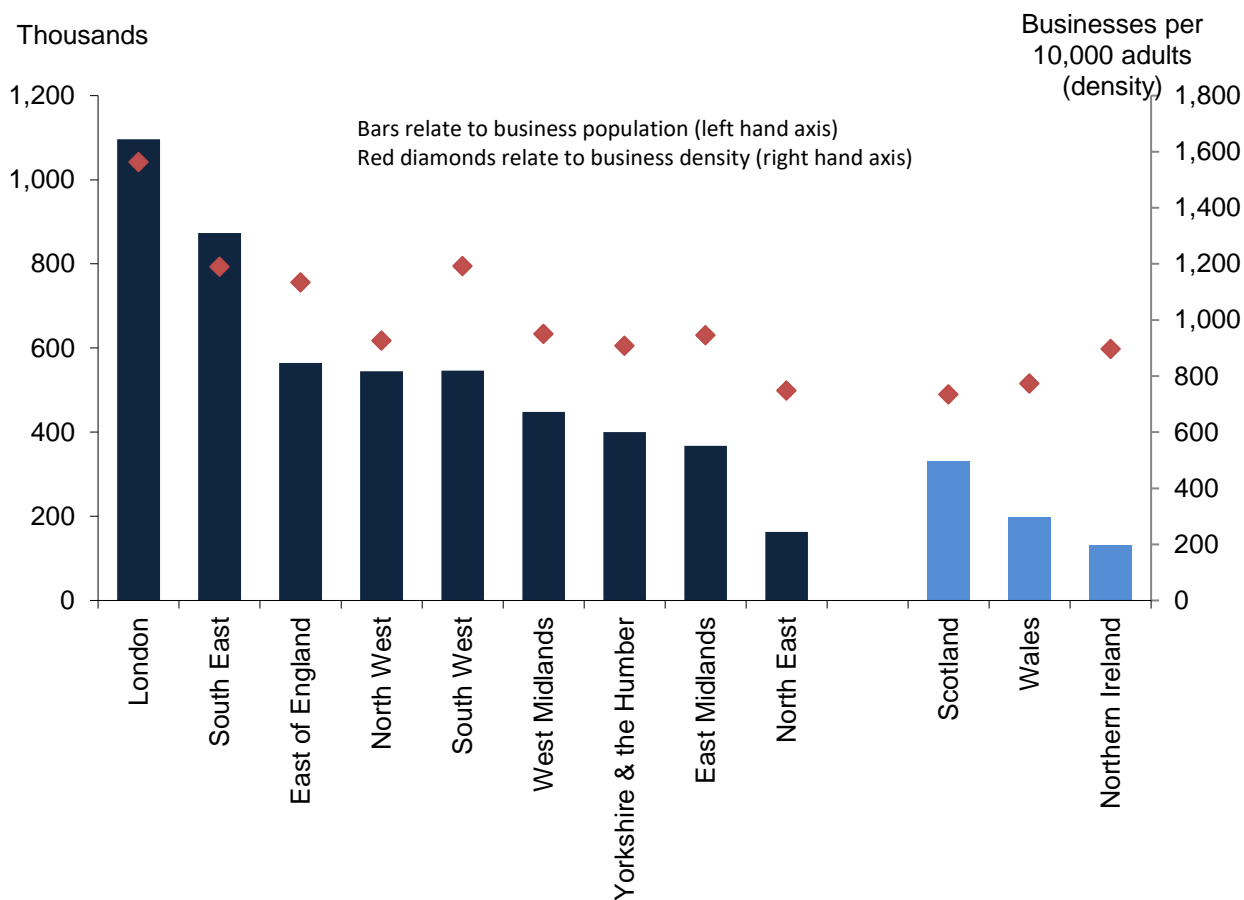
- there were 5.0 million private sector businesses in England, 331,000 in Scotland, 199,000 in Wales, and 133,000 in Northern Ireland
- London (1.1 million) and the South East of England (874,000) had the most private sector businesses, accounting for 35% of the UK business population
- the North East of England had 163,000 private sector businesses, the least of any English region
- this is head office location, rather than location of specific branches/sites
- further information on location is in Table 9 of the detailed tables

13. Along with the South West, London and the South East of England also had the highest business density rates in the UK, based on the size of the resident adult population. At the start of 2018:

- London (1,563) had the highest number of businesses per 10,000 resident adults
- there were also relatively high rates in the South West of England (1,192), the South East of England (1,190) and the East of England (1,134)

- the North East of England had the lowest business density rate (749) of any English region or UK country
- Scotland (735), Wales (774), Northern Ireland (897), Yorkshire and the Humber (908), North West (927), East Midlands (946) and West Midlands (951) also had lower business density rates
- further information on business density is in Figures 7 and 8, and Table 8 in the detailed tables

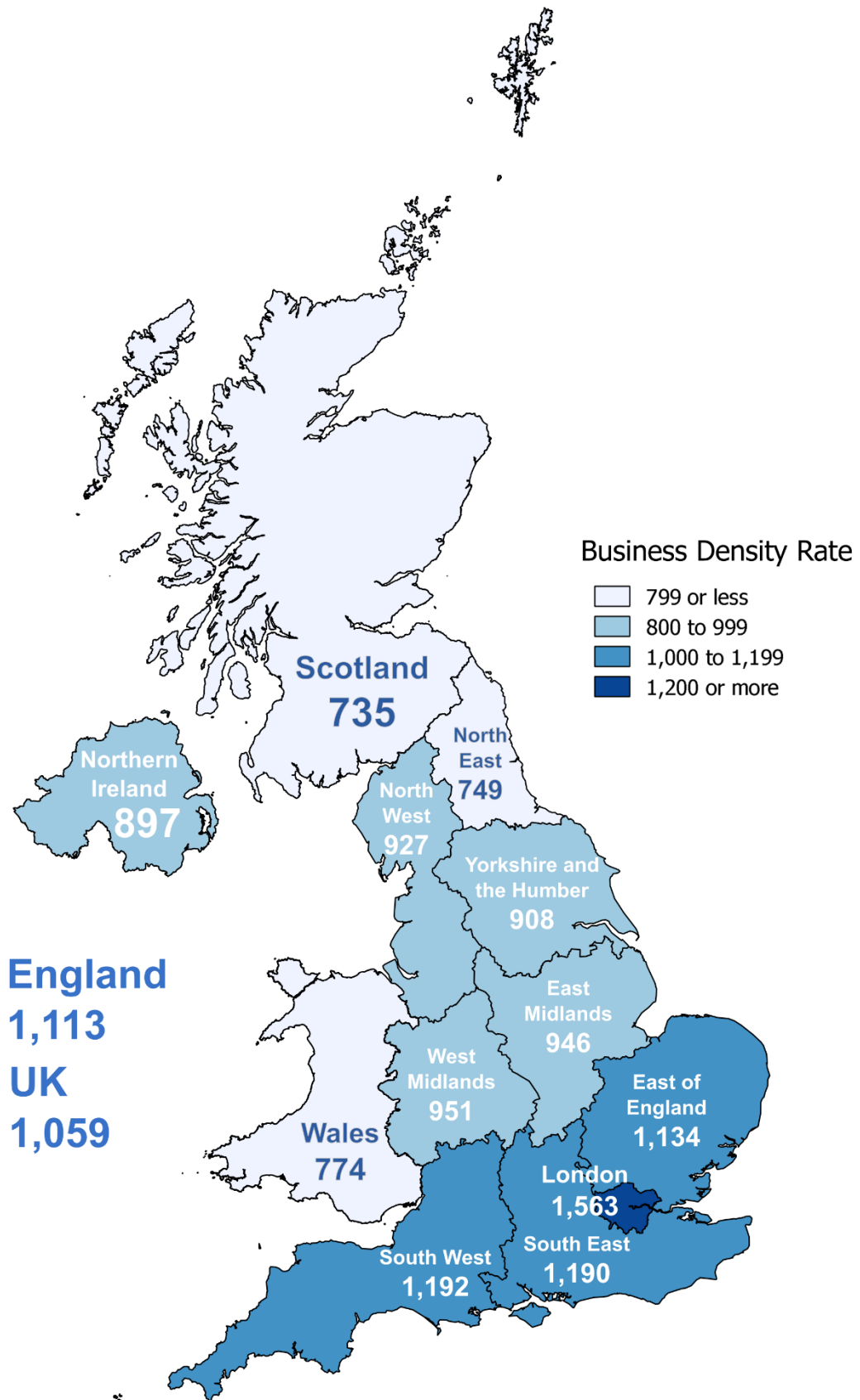
Figure 7: Number of businesses and business density rate in the private sector by English region and UK country, start of 2018



14. For regions and countries below UK level there is some volatility in estimates of year on year change. Looking in the longer term:

- the biggest percentage increase in the number of businesses (head offices) since 2010 was +53% in London
- the smallest percentage increase in England since 2010 was +19% in the South East
- the number of businesses has increased in all the UK countries and regions since 2010
- further information on regional trends is in Table 26 of the detailed tables

Figure 8: Number of businesses in the UK private sector per 10,000 adults, UK region and country, start of 2018

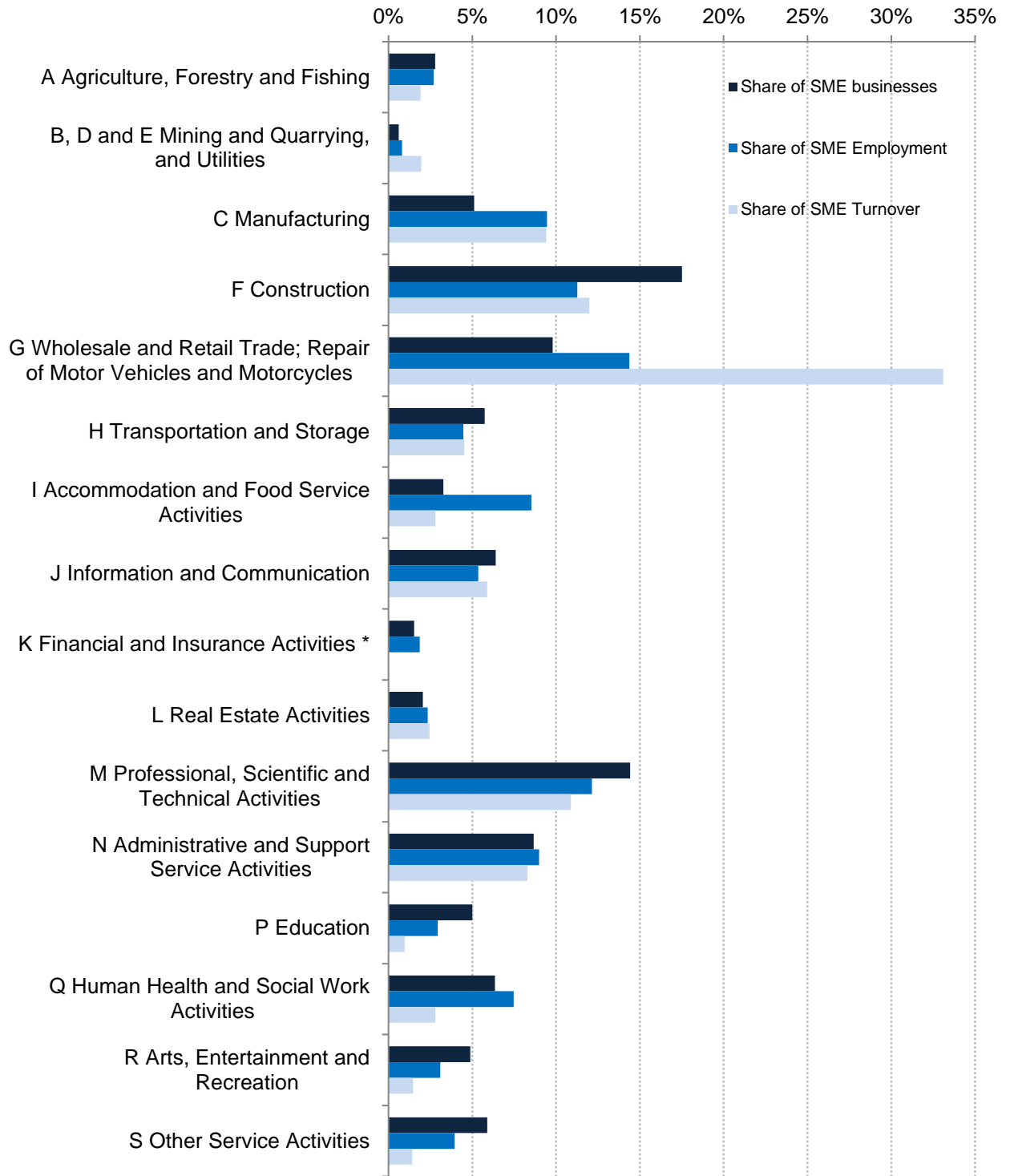


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Industries

15. SMEs account for at least 99.5% of the overall population in each of the main industry sectors and are therefore distributed similarly to the business population overall. At the start of 2018:
- just under a fifth (1.0 million) of all SMEs were operating in Construction, compared with less than 1% in the Mining, Quarrying and Utilities sector
 - there were also a considerable number of SMEs operating in the Professional, Scientific and Technical Activities (816,000 or 14%), and Wholesale and Retail Trade and Repair sectors (555,000 or 10%)
 - there were 34,000 SMEs in Mining and Quarrying and Utilities
16. Although Construction is the largest industrial sector in terms of SME numbers, Wholesale and Retail Trade had the highest share of both SME employment and turnover. At the start of 2018:
- Wholesale and Retail Trade and Repair accounted for 14% of all SME employment and a third of SME turnover in the UK private sector
 - almost a third of SME turnover was spread across three more sectors: Construction (12%), Manufacturing (9%) and Professional, Scientific and Technical (11%)
 - further information for industries is in Figure 9, and Table 5 in the detailed tables

Figure 9: Share of SME numbers, SME employment and SME turnover by industrial sector, start of 2018



* Turnover figures exclude Section K (financial and insurance activities) where turnover is not available on a comparable basis

Table B: Estimated number of businesses in the UK private sector, start of 2000 to start of 2018^{1, 2} (thousands)

Numbers (in thousands) Size	Start of																		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
All private sector businesses	3,467	3,502	3,573	3,679	3,925	3,927	4,125	4,272	4,283	4,375	4,483	4,588	4,818	4,914	5,247	5,401	5,498	5,695	5,668
All SME (0-249)	3,460	3,495	3,566	3,672	3,919	3,920	4,119	4,265	4,277	4,368	4,477	4,582	4,811	4,908	5,240	5,394	5,491	5,687	5,660
All small (0-49)	3,433	3,467	3,535	3,642	3,891	3,892	4,090	4,236	4,248	4,339	4,447	4,552	4,782	4,877	5,209	5,362	5,457	5,653	5,625
All employers (1+)	1,111	1,149	1,162	1,181	1,162	1,175	1,195	1,224	1,238	1,237	1,224	1,211	1,237	1,211	1,277	1,312	1,325	1,367	1,389
Non-employers	2,356	2,354	2,411	2,498	2,763	2,752	2,931	3,047	3,046	3,138	3,259	3,377	3,581	3,704	3,970	4,089	4,173	4,328	4,278
Micro (1-9)	914	951	948	970	961	974	992	1,017	1,029	1,023	1,015	1,000	1,023	987	1,044	1,069	1,081	1,118	1,137
Small (10-49)	163	162	176	174	167	166	167	172	173	178	174	174	178	187	195	204	204	208	210
Medium (50-249)	27	28	30	30	28	28	29	29	29	29	29	31	30	31	31	33	33	34	35
Large (250+)	7	7	7	7	7	6	6	6	6	7	6	6	6	7	7	7	7	7	8

1. Table 25 in the detailed tables for the release provides more information about the change in the business population between 2000 and 2018.

Table C: Changes in the number of businesses, by legal status, between the start of 2017 and the start of 2018

	Sole proprietorships	Ordinary Partnerships	Companies	Total
	Change			
Unregistered businesses ¹	-35,000	-3,000	N/A ²	-38,000
Registered businesses ³	-14,000	-6,000	31,000	11,000
<i>Of which</i>				
<i>with employees</i>	-10,000	-6,000	38,000	22,000
<i>without employees</i>	-4,000	-	-7,000	-12,000
All private sector businesses	-49,000	-9,000	31,000	-27,000

1. Unregistered businesses comprise self-employed people working alone or in partnership.
2. Not applicable - the BPE methodology assumes all companies are registered.
3. 'Registered' businesses are those businesses registered for VAT and/or PAYE. This total will differ slightly from ONS published statistics on VAT/PAYE registered businesses (e.g. UK Business and Business Demography) - refer to the link to the User Guide for more information: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/16418/guide_to_the_uk_business_population_and_demography.pdf.

Notes for this release

- 1) *Business Population Estimates 2018* is the latest in a series providing estimates of the total number of private sector businesses in the UK. *BPE* estimates the total number of UK private sector businesses at a point in time, including those that are registered for VAT or PAYE *and* those that are unregistered (see note 13 for more information). Related ONS publications report only on the VAT/PAYE registered businesses.
- 2) To aid the interpretation of these statistics, it is highly recommended that users refer to the [Methodology and Quality Note](#) that accompanies this release.
- 3) Information on the employment and turnover in these businesses is also provided. The function of the employment and turnover data here is primarily to (i) classify businesses by employee size band and (ii) calculate shares of employment and turnover across industrial sectors, regions and legal statuses. This release includes an employment time-series in Table 28 of the [detailed tables](#). However, users should note that these employment estimates are indicative and that ONS publishes other sources of employment data more suitable for monitoring total jobs and people in employment. See the Workforce Jobs series, the Business Registers Employment Survey (BRES), and the wider Labour Market Statistics (refer to the [Methodology and Quality Note](#) for more information).
- 4) A [Guide](#) explaining how this publication relates to other National Statistics on business population and demography has been published to help users understand the differences and choose the most appropriate source.
- 5) All figures in this document can also be found in the accompanying [detailed tables](#).
- 6) All statistics relating to 2018 released in this publication are new. In contrast to previous editions of this release, no data from earlier years have been revised as re-weighted ONS *Labour Force Survey* data will not be available until early 2019.

Definitions

- 7) In this release a small business is defined as a business with 0-49 employees, a medium-sized business is one with 50-249 employees, and a large business is one with 250 or more employees. Small and medium-sized enterprises (SMEs) are defined as businesses with 0-249 employees.
- 8) Within the scope of the *Business Population Estimates*, companies with a single employee director are counted as zero employee businesses.
- 9) The definition of the private sector used in this publication excludes the non-profit sector but includes public corporations and nationalised bodies.
- 10) Turnover data throughout this release excludes SIC2007 Section K (Financial and insurance activities) as turnover is not available on a comparable basis.
- 11) Businesses that have sites (and employees) in more than one region or country are counted here only in the region or country where they are registered. These estimates may therefore differ from actual employment in a region, since some people in one region will work for businesses that are registered in another region.

- 12) All figures and percentages in this document are rounded. Therefore totals may not exactly match the sum of their parts. Suppression and controlled rounding have been used to protect the data in this publication from disclosure. For further information, please refer to the [Methodology and Quality Note](#).

Overview of Methodology

- 13) There is no single database containing all private sector businesses in the UK. The main source for this publication is the *Inter-Departmental Business Register (IDBR)*, managed by the Office for National Statistics (ONS), which is used to provide the number of VAT/PAYE registered businesses in the UK. This publication also includes estimates of smaller non-employing (unregistered) businesses which are calculated using a combination of information from the ONS *Labour Force Survey* and HMRC self-assessment tax return data. More detail of the estimation process is provided in the [Methodology and Quality Note](#).
- 14) This edition uses the same methodology as that used since the 2011 edition of this publication. However, the methodology is not directly comparable to that used for BPE 2010 or to the older [SME Statistics](#) series (1994-2009).
- 15) To enable robust comparison over time, a time series is calculated using the latest methodology and data. This shows annual estimates of numbers of private sector businesses in the UK between 2000 and 2018. Estimates for UK countries/English regions and for different legal forms are provided for years since 2010 (the first year for which consistent estimates can be produced).
- 16) Known impacts from changes to HMRC systems have been adjusted for – further details are in the methodology note.

Data users and uses

- 17) The *Business Population Estimates* are used extensively by government, the public, public bodies and businesses to analyse the scale, structure and significance of the total business population in the UK and to monitor change over time. For example, they are used by:
- government in understanding the likely impact of policy changes and monitoring the impact of recessions on different sections of the business population
 - businesses in understanding market share and planning marketing strategies
 - banks in developing an understanding of their customer base
 - foreign firms in making UK location decisions
 - academics to inform research into businesses at a local and national level
 - a range of public bodies in decision making and in evaluating the success of regeneration and business-related policies
 - public and private business support providers in targeting business support

National Statistics publication

- 18) This National Statistics publication is produced to high professional standards set out in the Code of Practice for Statistics and the Pre-Release Access to Official Statistics Order (2008). These statistics were [assessed](#) for compliance against the *Code of Practice for Official Statistics* by the UKSA during 2011-12 and in October 2012 their National Statistics designation was [confirmed](#). They are produced free from any political interference.
- 19) The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.
- 20) Designation can be broadly interpreted to mean that the statistics:
- meet identified user needs;
 - are well explained and readily accessible;
 - are produced according to sound methods, and
 - are managed impartially and objectively in the public interest.
- 21) Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.



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